



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

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JAN 21 2000

DIVISION OF
OIL, GAS AND MINING

JAN 12 2000

In Reply Refer To:

3453

UTU-74804

CERTIFIED MAIL—Return Receipt Requested

DECISION

Lodestar Energy, Inc.
c/o Parsons Behle & Latimer
Attn: Patricia J. Winmill
P.O. Box 45898
Salt Lake City, Utah 84145-0898

Coal Leases
UTU-74804

Incoming
ACT/007/020

Bond Accepted Lease Assignment Approved

On August 31, 1999, a record title assignment for Federal coal lease UTU-74804, entered into on July 14, 1999, between Lodestar Energy, Inc., as assignee, and Horizon Mining, LLC as assignor, was filed in this office.

Satisfactory evidence of the qualifications and holdings of Lodestar Energy, Inc. has been filed. By payment of the rental of \$3,867, the lease has been brought into good standing. The following bond with Lodestar Energy, Inc., as principal, and Frontier Insurance Company, as surety, was filed in this office on November 12, 1999.

Lease No.
UTU-74804

Surety Bond No.
149098

Bond Amount
\$194,000

The bond has been examined, found to be acceptable, and is hereby accepted as of the date of filing.

Therefore, the assignments appear to meet the requirements of the regulations and are approved effective February 1, 2000. Approval of the assignments does not constitute approval of any of the terms therein which may be in violation of the lease terms.

Bennett

for Sally Wisely
State Director

Enclosure
Assignment

cc: Lodestar Energy, Inc., Attn: Eberley Davis, 333 West Vine Street, #1700, Lexington, KY 40507
(w/encl)
Lodestar Energy, Inc., Attn: David B. Miller, HC 35 Box 370, Helper, UT 84526 (w/encl)
Horizon Mining, LLC, c/o Denise A. Dragoo, Snell & Wilmer,
111 E. Broadway, #900, Salt Lake City, UT 84111 (w/encl)
MMS, Solids (w/encl)
Mr. Lowell Braxton, Director, UDOGM, P.O. Box 145801, Salt Lake City, UT 84114 (w/encl)
Resource Development Coordinating Committee, Attn: Mineral Leasing Task Force,
116 State Capitol Building, Salt Lake City, UT 84114 (w/encl)
Price Coal Office (Attn: Steve Falk) (w/encl)

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ASSIGNMENT OF FEDERAL COAL LEASE

HORIZON MINING, LLC, a Utah limited liability company, having an address of HC35, Box 370, Helper, Utah 84526 ("Assignor"), for \$10.00 and other good and valuable consideration, receipt of which is hereby acknowledged, hereby assigns to LODESTAR ENERGY, INC., a Delaware corporation, having an address of 333 West Vine St., Suite 1700, Lexington, Kentucky 40507 ("Assignee"), all of Assignor's right, title and interest in, to and under the Federal Coal Lease described on Exhibit A attached hereto and incorporated herein.

Assignee hereby accepts the assignment of the Federal Coal Lease and agrees hereafter to keep and perform all of the Assignor's covenants and obligations pursuant thereto.

The representations and warranties contained in the Asset Purchase Agreement dated July 14, 1999, between Assignor and Assignee relating to the Federal Coal Lease are incorporated herein by reference.

This Assignment does not supersede or waive any contractual remedy between Assignor and Assignee. Such remedies are in addition to and are not merged into this instrument. This Assignment shall bind the legal representatives, successors and permitted assigns of the Assignor.

This Assignment is subject to and contingent upon the approval of the United States Bureau of Land Management.

IN WITNESS WHEREOF, Assignor has executed this Assignment effective as of July 14, 1999.

ASSIGNOR:

HORIZON MINING, LLC

BY

ITS

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ASSIGNEE:

LODESTAR ENERGY, INC.

BY

ITS

EXHIBIT A
to
Assignment

Federal Coal Lease Serial No. UTU-74804 issued effective September 1, 1998, on the following described lands located in Carbon County, Utah:

Township 13 South, Range 8 East, SLM

Sec. 6: $SE\frac{1}{4}SW\frac{1}{4}$, $S\frac{1}{2}SE\frac{1}{4}$, $NW\frac{1}{4}SE\frac{1}{4}$
Sec. 7: Lots 1-3, $E\frac{1}{2}$, $E\frac{1}{2}W\frac{1}{2}$
Sec. 8: $SW\frac{1}{4}NE\frac{1}{4}$, $NW\frac{1}{4}NW\frac{1}{4}$, $S\frac{1}{2}NW\frac{1}{4}$;
 $N\frac{1}{2}SW\frac{1}{4}$, $SW\frac{1}{4}SW\frac{1}{4}$, $W\frac{1}{2}SE\frac{1}{4}$
Sec. 17: $N\frac{1}{2}NW\frac{1}{4}$, $SW\frac{1}{4}NE\frac{1}{4}$
Sec. 18: $NE\frac{1}{4}NE\frac{1}{4}$

containing 1,288.49 acres, more or less.

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UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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DIVISION OF
OIL, GAS AND MINING

Utah State Office

REQUEST FOR APPROVAL OF
ASSIGNMENT OF FEDERAL COAL LEASE

Horizon Mine

SERIAL NO.

DATE OF LEASE

UTU-74804

September 1, 1998

Enclosed are executed Assignments of the United States Coal Lease listed above (the "Lease") dated effective July 14, 1999, from Horizon Mining, LLC, a Utah limited liability company, HC35, Box 370, Helper, Utah 84525 ("Assignor"), to Lodestar Energy, Inc. a Delaware corporation, 333 West Vine St., Suite 1700, Lexington, KY 40507 ("Assignee"). Pursuant to regulation, the instrument of transfer is submitted in triplicate.

A. Assignee certifies that:

1. It is a Delaware corporation qualified to do business in the State of Utah. Assignee's statement of qualifications to hold federal coal leases is enclosed herewith for filing.
2. Assignee is the sole party in interest in the assignments of the Lease. No alien holds any interest, direct or indirect, in the Lease assigned to Assignee.
3. The assignments will not create an overriding royalty or production payment in excess of that allowed by 43 C.F.R. § 3473.3-2. Schedule A attached hereto, in a separate envelope marked "CONFIDENTIAL", is a copy of the Payment Agreement between Assignor and Assignee setting forth the terms and calculation of a production payment reserved by the Assignor in partial consideration for the transfer of the Leases. The payment shall not exceed 25¢ per ton of coal mined from the Leases, and other federal coal leases transferred to Assignee, and is expressly limited so as not to exceed 50% of the federal royalty when added to any other royalties or production payments affecting the Leases.
4. Assignee's interests, direct and indirect, including the area covered by the Lease, in federal coal permits, leases or lease applications do not exceed in the aggregate the acreage limitation in 43 C.F.R. § 3472.1-3. Specifically, Assignee, its affiliates, subsidiaries and persons controlled by or under common control with Assignee, do not, and with the area covered by the Lease, will not hold, own or control federal coal leases, or lease modification applications, or lease bids on more than 46,080 acres in any one state or 100,000 acres in the United States.

5. Enclosed herewith is a statement of all consideration paid for the assignments of the Lease. Pursuant to 43 C.F.R. § 3453.2-2(g), this information has been labeled as proprietary data and is to be treated in accordance with the laws and regulations governing the confidentiality thereof.

6. Assignee does not operate a common carrier railroad.

7. Assignee does not hold any lease that it has held for ten years and from which coal is not being produced.

8. The nonrefundable filing fee of \$50.00 required pursuant to 43 C.F.R. § 3473.2(a)(3) is submitted herewith.

B. Assignee agrees to be bound by the terms and provisions of the Lease, provided the assignments are approved by the authorized officer of the Bureau of Land Management.

C. It is hereby certified that the statements herein made by the undersigned are true, complete and correct to the best of his knowledge and belief and are made in good faith.

Assignee hereby requests approval of the assignments of the Lease. In accordance with 43 C.F.R. § 3453.3-3, Assignee respectfully requests that the assignments be deemed effective as of the first day of the month of the approval.

DATED this 19th day of August, 1999.

LODESTAR ENERGY, INC.
333 West Vine Street, Suite 1700
Lexington, Kentucky 40507

By: 

Its: Vice President

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